MONTHLY

# Business Review

MAY 1948

CONTENTS

Expansion of Bank Debits . . . . . 1
Agricultural Support Prices . . . . . 4
Physical Volume of Department Store Sales . . . . . 7
National Business Conditions . . . . . 13
District Statistical Tables . . . . . 14-15

FINANCE • INDUSTRY • AGRICULTURE • TRADE

FOURTH FEDERAL RESERVE DISTRICT

Vol. 30—No. 5 Federal Reserve Bank of Cleveland Cleveland 1, Ohio

# Expansion of Bank Debits

BANK DEBITS are the most widely used measure of the trend and volume of business activity in American cities. The usefulness of debits as a business indicator stems from the fact that they represent the dollar volume of checks written against demand deposit accounts, and withdrawals from savings accounts, by individuals, businesses and government. Inasmuch as bank deposits comprise the major portion of the money supply, debits to such accounts constitute a rough gauge of money transfers and thus of the general level of business activity in a community.

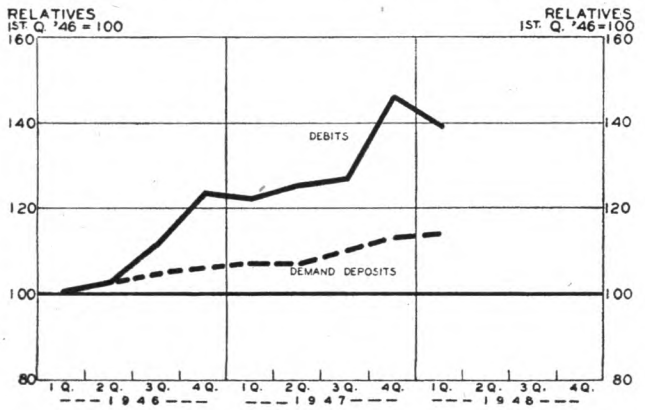
**Substantial Postwar Expansion of Debits**

The postwar expansion of bank debits in the Fourth District has been of substantial proportions in large cities and in smaller reporting centers as well. An accompanying chart indicates that Fourth District debit figures in the first quarter of 1948 were roughly 40 percent above the corresponding quarter of two years ago, a time when production for war was about terminated and the expansion of peacetime production was getting underway.

This Fourth District gain in debits is somewhat larger than the 32 percent increase in debits experienced by the rest of the country (exclusive of New York City, where financial transactions distort the significance of debit statistics). In this same two-year interval, national figures on the physical volume of industrial production advanced about 20 percent, while the increase in the dollar value of the gross

**RELATIVE EXPANSION OF DEBITS AND DEMAND DEPOSITS**

**Fourth District Weekly Reporting Member Banks***

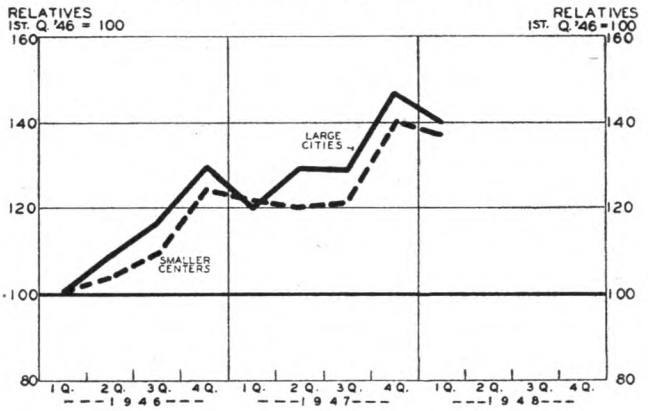



**. . . . debits have expanded more than demand deposits over the past two years, indicating a more rapid turnover of the money supply.**

* Debit and deposit data are exclusive of time, interbank, and U. S. Government deposits.

**RELATIVE RECENT CHANGES IN BANK DEBITS AT LARGE AND SMALL FOURTH DISTRICT REPORTING CENTERS***

**Plotted Quarterly—1946-1948**




**. . . . debits have expanded about 40 percent during the past two years in large and small cities.**

* Data are exclusive of debits to interbank accounts.

national product probably approximated 27 percent.

**PERCENT CHANGES IN SELECTED ECONOMIC SERIES**
**1st Quarter 1946 to 1st Quarter 1948**

| | |
|---|---|
| Federal Reserve Index of Industrial Production | + 20% |
| Gross National Product | + 27 |
| Debits Outside N. Y. City and Fourth District | + 32 |
| Debits in the Fourth District | + 40 |

In the postwar period debit figures have grown more rapidly than gross national product totals, whereas the reverse situation prevailed during the war.

The comparatively moderate wartime advance in debits was attributable in part to a shrinkage in the importance of financial transactions involving the activities of distribution intermediaries, as the Government became the dominant purchaser in the economy. Another modifying factor in the wartime trend of debits was the growth in the proportion of purely cash business.

In the postwar period, on the other hand, the role of the Government has declined and a concurrent expansion has been experienced in the functioning of intermediaries. Payments by check have grown in importance relative to cash transactions. As a result, debit figures have increased more rapidly over the past two years than have gross national product totals.

**Considerable Local Variation in Expansion**

Considerable variation has occurred since 1940 in the degree of expansion of debits in twenty-five Fourth District communities. Debits in the District as a whole over the twelve months ended March 1948 were 284 percent of the annual average for 1935-1939, but in Akron the figure came to 368 percent, and in Dayton the total was 360 percent of the prewar average. Among the smaller centers the outstanding advances occurred in Warren, (O.) and Lorain, where debits for the recent twelve-month period were 394 percent and 384 percent respectively of the 1935-1939 averages.

The adjoining chart discloses that whereas some cities featured a particularly strong rate of expansion during the war, in others the outstanding gains occurred in the postwar period. Akron and Cleveland, for example, moved up rapidly during the war, whereas Youngstown, Toledo and Columbus have advanced more than the District average in the postwar period. Among the smaller centers, Warren, (O.) experienced the outstanding wartime gain, while Lima, Lorain and Zanesville have reported an exceptionally rapid expansion since the end of the war.

**Limitations of Data**

Despite widespread use, debit statistics have many limitations and it is possible for debits to be an inaccurate index of business activity. The most important source of error is a drawback akin to all series tied to monetary values, namely, that they are distorted by changes in the price level. Also, debit figures include payments for given products at many stages of the production and distribution processes, thus permitting inaccurate comparisons because the degree of duplication can vary among industries and over a period of time.

Similarly, bank debit figures in part stem from transactions which do not reflect the production of goods and services. Financial payments in the transfer of existing properties and securities, repayments of bank loans, and transfers of funds from one account to another are cases in point. Numerous other situations which may impair the effectiveness of debits as a business indicator include random transfers of state and local government funds, or perhaps the handling of a local payroll with checks drawn upon an out-of-town bank.

**EXPANSION OF BANK DEBITS IN SELECTED FOURTH DISTRICT CITIES**

| Ten Large Centers | | | Fifteen Smaller Centers | | |
|---|---|---|---|---|---|
| City | 1935-9 Base | 12 Mos. Ended Mar '48 | City | 1935-9 Base | 12 Mos. Ended Mar '48 |
| Akron | 100 | 368 | Warren, O. | 100 | 394 |
| Dayton | 100 | 360 | Lorain | 100 | 384 |
| Toledo | 100 | 321 | Hamilton | 100 | 326 |
| Youngstown | 100 | 319 | Butler | 100 | 325 |
| Erie | 100 | 312 | Lima | 100 | 323 |
| Cleveland | 100 | 311 | Middletown | 100 | 318 |
| Canton | 100 | 303 | Zanesville | 100 | 317 |
| Columbus | 100 | 279 | Greensburg | 100 | 286 |
| Cincinnati | 100 | 263 | Lexington | 100 | 282 |
| Pittsburgh | 100 | 259 | Springfield | 100 | 262 |
| | | | Homestead | 100 | 260 |
| | | | Steubenville | 100 | 237 |
| | | | Franklin | 100 | 221 |
| | | | Oil City | 100 | 197 |
| | | | Wheeling | 100 | 185 |

| District Av.—25 Cities | |
|---|---|
| 1935-1939 Base | 12 Mos. Ended March '48 |
| 100 | 284 |

**Usefulness of Debit Figures**

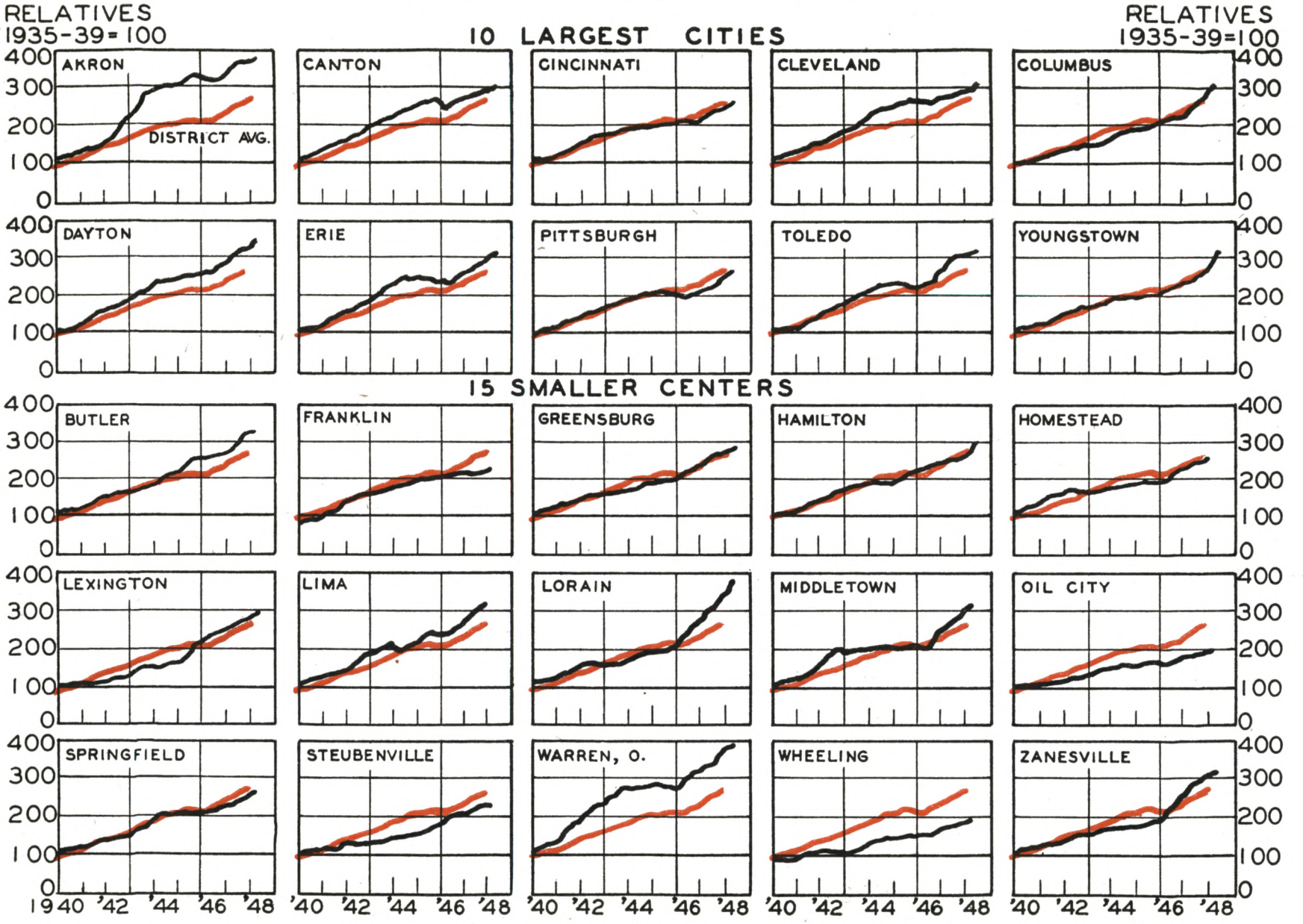
Subject to these limitations, it is probably safe to assume that the trend lines in the accompanying charts in most instances present a fair picture of the relative expansion of payrolls, retail trade, agriculture and industry in Fourth District localities during the war and postwar periods. Despite all distorting influences, there has been a rather strong correlation in past years between the trend of bank debits and that of other series dealing with the volume of economic activity.

Debit figures are therefore of considerable value to merchants and manufacturers as a guide to the relative volume and growth of business in different communities. As such, debits are a useful tool in business planning decisions, such as the selection of localities for plant or store expansions, for marketing campaigns, and so forth.

(*Continued on Page 6*)

# GROWTH OF BANK DEBITS IN SELECTED CITIES

**Compared with Average Expansion for the District***




* Twelve month moving totals, 1935-39 = 100.
Data are exclusive of interbank accounts.

# Agricultural Support Prices

FOR the first time in several years the existence of a statutory "floor" under agricultural commodity prices is being given more than cursory attention by producers and consumers as well as those engaged in enterprises affected by changes in agricultural income. Prior to the February break in farm commodity markets, price support provisions attracted limited interest simply because market prices persistently had been running several lengths ahead of the parity formula. That margin of "safety" which prevailed over a five-year period was narrowed sharply early this year. The parity ratio, which is merely the ratio of prices received to prices paid, averaged 120 in the twelve months preceding February. In that month the ratio dropped to 112, the lowest in five years.

Most of the shrinkage in differential between prices received and prices paid is attributable to the drop in prices received. Prices paid for articles bought by farmers, with few exceptions, have continued to advance, thus contributing to a reduction of the spread. An accompanying chart indicates the relationship of prices paid by farmers for articles used in farm production and family living in the past ten-year period.

Although prices of many agricultural commodities are well above, others are at or near, current season support levels as shown in accompanying tabulation:

| Commodities | Current Season Support (a) | Average Price April 15 | Margin of Market Prices over Support Prices |
|---|---|---|---|
| **Basic** | | | |
| Rice.....per bu. | $ 1.69 | $ 3.03 | 79% |
| Corn.....per bu. | 1.37 | 2.19 | 60 |
| Cotton.....per lb. | .2649 | .3410 | 29 |
| Wheat.....per bu. | 1.83 | 2.29 | 25 |
| Burley Tobacco..per lb. | .403 | .483(b) | 20 |
| Peanuts.....per lb. | .0999 | .102 | 2 |
| **Steagall** | | | |
| Soybeans.....per bu. | 2.04 | 3.64 | 78 |
| Chickens.....per lb. | .20(e) | .28 | 40 |
| Hogs (Chicago).per cwt. | 16.15(c) | 20.60 | 28 |
| Eggs.....per doz. | (d) | .426 | .... |
| Potatoes.....per bu. | 1.74(f) | 1.98(f) | 14(f) |
| Flaxseed (Minneapolis).per bu. | 6.00 | 5.76 | —4 |

(a) Announced support prices at farm—1947 production except as noted.
(b) Season average Burley auction markets—Kentucky.
(c) Through March 31, 1948.
(d) To be supported so that prices in 1948 average 90 percent of parity. No current support announced.
(e) For fowl over 4 1/2 lbs, 15 cents per lb. on fowl 3 1/2 to 4 1/2 lbs. through 3/31/48.
(f) Applies to intermediate crop.

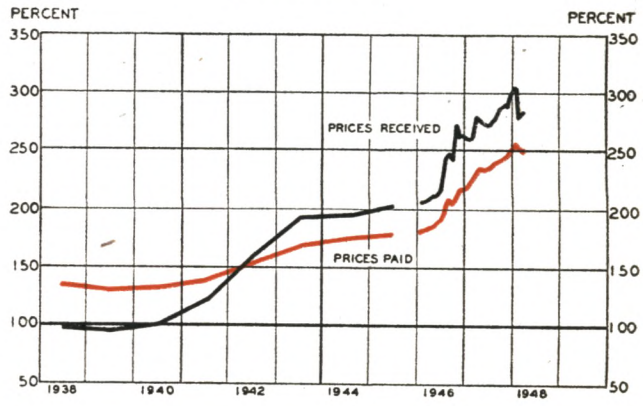
Strong domestic and foreign demand for grain and most other crops held prices of these products well above announced supports. Likewise a record domestic consumption of animal products caused prices of most of such products to remain well above the official floor. On the other hand, eggs and poultry have at various times within the past year sold at or below support levels.

Improved crop conditions in importing countries and prospects for favorable crops in most exporting countries make it appear probable that grain prices as well as those of some other farm products may decline to or near support levels by the end of this crop season. Therefore, probable support prices in relation to present prices, and the basis for their determination are of increasing interest in both rural and urban areas. Producers' interests arise from their concern that prices may decline sharply; consumers because they fear price supports may cause food costs to remain high relative to income.

**Purpose of Support** The price support program was initiated by the Government to encourage high production during the war, and subsequently to permit farmers to make an orderly adjustment to normal peacetime demand after the war. By act of Congress the Department of Agriculture was directed to support the price of two groups of commodities. namely the "basic" and the "Steagall" commodities during the war and for two years after the end of the year in which war had been officially proclaimed. Since the President's proclamation officially declaring the war ended was issued December 31, 1946, the obligation of the Department of Agriculture to support prices ends on the last day of 1948. Presumably, price support provisions will apply for the full marketing year on all crops harvested by year-end for which price support is mandatory.

**PRICES RECEIVED AND PRICES PAID BY FARMERS, 1938-48**

**(1910-1914 = 100)**




**. . . . the margin of prices received over prices paid has narrowed since the end of 1947.**

Prices of the "basic" commodities, wheat, corn, rice, tobacco, peanuts for nuts, and cotton, are supported through mandatory loans required by the Stabilization Act of 1942. This Act provided that the first five of these commodities were to be supported at least at 90 percent of parity, except in the case of certain types of tobacco. Cotton was to be supported at 92½ percent of parity. Price support of the basic commodities was contingent upon producers' acceptance of marketing quotas if deemed necessary in any given marketing year.

The "Steagall" commodities are not generally subject to mandatory loan requirements (presumably because of their more perishable nature). Support is provided almost exclusively through Government action in established markets. The Steagall Amendment provided that certain specified commodities be supported at 90 percent of parity, or comparable prices. Commodities for which the Secretary of Agriculture specifically requested expanded production were to be supported by loans, purchases, or other operations. Included in this group of commodities were: hogs, eggs, chickens over 3½ pounds live weight, turkeys, milk, butterfat, dry edible beans and peas of certain varieties, soybeans for oil, flaxseed for oil, peanuts for oil, American-Egyptian cotton, potatoes and sweet potatoes. Some restraint on production was exercised particularly with regard to potatoes. In order to be eligible for price support, growers in 1947 were required to plant an acreage no greater than their acreage allotment.

The Steagall Amendment also provided that lending and purchasing operations should be carried out by the Department of Agriculture so as to bring the prices of other commodities into fair relationship with "basic" and "Steagall" commodities. Supports for the latter group were optional rather than mandatory. Among some of the commodities for which support prices applicable this year have been announced under the optional provision are: honey, gum naval stores, and winter cover crop seeds.

**Determination of Parity** The first step in computing the parity price of a given commodity is determination of the base period price which for most commodities is the average price received by farmers in the 60 months August 1909 to July 1914. [1] For example, the average price per bushel of wheat was 88.4 cents and of corn 64.2 cents in that period. Base prices for tobacco, and for a number of fruits and vegetables, including potatoes are usually averages of the prices received during the marketing season falling within the 120 months August 1919 to July 1929, or the 60 months August 1934 to July 1939.

Base prices are then adjusted by an index of "prices paid" by farmers calculated from prices of 86 items used in farm family living and 93 items in farm production for a corresponding period. [2] If that index, for example, is 249 as it was April 15, the parity price of wheat or corn, for example, would be 249 percent of the average price in the period 1909-1914. The accompanying table of "basic" and "Steagall" commodities common to the Fourth District will serve to illustrate. Average prices received by farmers as shown in column 1 multiplied by the index of prices paid for items purchased by farmers (column 2), gives parity price (column 3).

| Commodity | (1) Average Prices Received 1909-1914 (Except as noted) | (2) Prices Paid April 15, 1948 1910-14 — 100 (Except as noted) | (3) Parity Prices April 15, 1948 |
|---|---|---|---|
| **Basic** | | | |
| Wheat.....per bu. | $ .884 | 249 | $ 2.20 |
| Corn.....per bu. | .642 | 249 | 1.60 |
| Burley Tobacco....per lb. | .222(1) | 213(2) | .473(3) |
| **Steagall** | | | |
| Hogs.....per cwt. | 7.27 | 249 | 18.10 |
| Eggs.....per doz. | .215 | 249 | .462(7) |
| Chickens (over 3½ lbs.)....per lb. | .114 | 249 | .284 |
| Turkeys.....per lb. | .144 | 249 | .358 |
| Milk.....per cwt. | 1.60 | 249 | 3.73(7) |
| Butterfat.....per lb. | .263 | 249 | .648(7 |
| Soybeans.....per bu. | .96(4) | 249 | 2.39 |
| Potatoes.....per bu. | 1.12(5) | 165(6) | 1.85 |
| Sweet Potatoes...per bu. | .878 | 249 | 2.18 |

(1) Five season average 1934-38.
(2) Jan. 15-Aug. 1934—July 1939 = 100.
(3) Parity price January 15.
(4) Derived base price.
(5) Ten-season average 1919-28.
(6) August 1919 to July 1929 = 100.
(7) Adjusted for seasonal variation.

Although "floors" are to become operative when prices decline to 90 percent of parity (cotton 92½ percent) the season support price is usually established on the basis of the parity price of the particular commodity during the last month preceding the new marketing period. To illustrate, the present support of $1.83 per bushel (Chicago base) on wheat harvested in 1947 represents 90 percent of the parity price June 15 of that year. The support level for the wheat crop soon to be harvested will be based on the parity price of wheat as of the 15th of next month. Corn supports are similarly based on September 15 parity. Thus while producers have been assured of market support they have had no definite indication of the level of such supports until after the product was practically ready for market.

Under existing legislation support levels will continue to advance if prices paid for items purchased

[1] The base period for all agricultural commodities other than potatoes and tobacco is the five years August 1909-July 1914, except for the provision that August 1919 to July 1929, or some portion thereof, be used for all commodities for which satisfactory data are not available in the earlier period. The latter period also serves as the base for potatoes and all types of tobacco except burley and flue cured for which August 1934 to July 1939 is the base period.

[2] Includes interest and taxes if on 1909-14 base, otherwise these two items are excluded in computation of prices-paid indexes.

by farmers continue to rise. Since that index is now moderately above what it was when many of the past season's supports were established, some increases in market supports are in prospect. Some idea of the probable extent of such increases can be gained from the increase in parity prices in the period since season supports were last established. The following tabulation lists parity prices on which supports were based compared with those on March 15 for several of the principal Fourth District commodities eligible for such support:

| | 1947 Parity Prices | | Parity Price April 15, 1948 | Percentage Increase |
|---|---|---|---|---|
| | Date | Price | | |
| Wheat.....bu. | June 15 | $ 2.03 | $ 2.20 | 8.3 |
| Soybeans....bu. | Aug. 15 | 2.26 | 2.39 | 5.75 |
| Burley.....lb. | Sept. 15 | .448 | .473(1) | 5.5 |
| Corn.....bu. | Sept. 15 | 1.52 | 1.60 | 5.2 |
| Hogs.....cwt. | Sept. 15 | 17.20 | 18.10 | 5.2 |

**Price Supports 1948 Season**

**Hogs** — Announced supports on hogs for the period April to September, averaging $16.84 per cwt Chicago basis, indicate an increase of approximately seventy cents per hundred over the previous support level and about $5.00 per hundred below current market prices. Floors for the remaining six months of the marketing year are to be announced about September 1.

**Soybeans**—According to a recent announcement, 1948 crop soybeans will be supported by producer loans at 90 percent of the comparable price as of August 15. Present indications are that this may result in a new support five to ten cents per bushel above the $2.04 floor currently applicable. Current Chicago quotations are about $4.00 per bushel.

**Wheat**—The support price for the current wheat crop is to be made public about July 1 and will be based on the June 15 parity price of wheat. In view of the recent trend in the parity index an increase of ten to fifteen cents per bushel from the present support of $1.83 seems probable, as against current market prices of about $2.40 per bushel at Kansas City.

**Burley Tobacco** — An advance of one to three cents per pound seems probable in the burley support level due to be announced about September 1. The past season's support on that type of tobacco averaged 40.3 cents per pound, and the average price was 49.3 cents per pound.

**Corn**—Corn support levels are based on the September 15 parity price of that commodity. Therefore the new floor under corn prices will probably not be released until about October 1. Barring a reversal of the present trend in the parity index, it seems likely that the new corn support may be higher by three to six cents per bushed than the present support of $1.37. Currently, corn is selling about $2.30 per bushel at Chicago.

A further rise in prices paid in the next few months would, of course, lift price floors to a greater extent than has been suggested herein. Since price supports once established usually apply for the entire marketing period of that particular commodity, any subsequent downturn in the parity index would not be reflected until the start of a new marketing season, or in most cases, sometime during 1949.

## EXPANSION OF BANK DEBITS—Continued from Page 2

**Necessity of Using Debits in Measuring Local Conditions**

On a nation-wide level other more comprehensive indicators of business activity have been favored in recent years. Gross national product data and various indexes of physical production, for example, are emphasized increasingly by observers of national business trends. But such data are unavailable on the local level and therefore analysis of local conditions must rely heavily on bank debit information.

Statistics on bank clearings are available for many cities, but they are inferior to debit figures because of the omission of intra-bank transactions which of course grow in importance with bank mergers and an expansion of branch banking. Department store sales data are widely used in cities where such series are available, but those data are complied for only 137 cities in the U. S. compared with 333 for bank debits. In the Fourth District bank debit figures are published monthly for thirty cities; twenty years of back data are available for most of these centers while debits have been reported for almost thirty years for half the cities.

**Debit Expansion as an Inflation Factor**

Debit statistics are also of some interest because of the light they cast on the problem of inflation. An accompanying chart, with data for large weekly reporting member banks of the Fourth District, describes the relative postwar changes in demand deposits (except interbank and Government) and debits to those demand deposits. The chart indicates that whereas demand deposits at these banks have advanced 14 percent since early 1946 debits have advanced 39 percent.

The more rapid expansion of debit suggests that inflation has been fed not only by a growth in the money supply but also by an increase in the rate at which money is spent. In other words, the average dollar deposited in business and personal checking accounts has recently been spent more quickly and thus more times per year than was the case earlier in the postwar period.

# Physical Volume of Department Store Sales

THE prominence of year-to-year gains in dollar sales of department stores during the entire post-war period has partially obscured the very different showing made by the physical volume of such sales. While it is widely known that the rises in dollar sales are in large part the reflection of higher prices, there has been considerable uncertainty as to how much should be ascribed to the price factor. Which lines have suffered an actual drop in unit sales? At what points have dollar sales continued to outrun price increases? How have department stores fared in physical volume of sales as a whole? Such questions have long needed answering, especially because of the importance of physical volume of sales as an indicator of the general economic climate. Many of the answers can now be given, at least in the form of estimates, by means of utilizing an entirely new department-store price index. [1]

**Drop in Physical Volume In 1947**

During 1947 as a whole, price rises over the preceding year outstripped the increases in dollar sales made by department stores in the Fourth Federal Reserve District. Thus, on balance, physical volume of sales declined for the year by an estimated 6 percent. This conclusion is based on analysis of sales data supplied by the 60 department stores in the district which report regularly to the Federal Reserve System on their departmental sales as well as on their total store sales. The sample does not include any of the retail branches of the large mail order department stores. [2] Even if the latter had been included, the 1947 physical volume of sales would probably appear lower than the 1946 volume, although the overall drop would be less than 6 percent.

The accompanying series of charts depicts estimated changes in physical volume of sales which occurred between each quarter of the year 1946 and the corresponding quarter of 1947, as well as between the two years as a whole. This is shown not only for total store sales, but also for six departmental groups and for the major classifications of "soft goods" and "hard goods". [3] Although the sales data are limited to the department stores of the Fourth District, the estimates of increases or decreases in physical volume of sales would probably apply with minor variations to the average of similar stores throughout the country, since the indexes of dollar sales for Fourth District department stores are known to correspond quite closely with those of the nation-wide sample of department stores.

The slump in physical volume of sales occurred chiefly in the first three quarters of 1947. The fourth quarter of the year was best not only in respect to total dollar sales, as is seasonally normal, but also in respect to physical volume of sales. Even during the fourth quarter, however, unit sales averaged slightly under those of the corresponding quarter of 1946, as shown in the charts.

**Unit Sales, First Quarter of 1948**

While the first quarter of 1948 shows some margin over the first quarter of last year in physical volume of sales, [4] it should be recalled that the first quarter of 1947 was not an outstandingly good period either in respect to dollar sales or physical volume. During the first quarter of this year, furthermore, dollar sales have been more than seasonally below the level of the final quarter of 1947. Of equal or greater importance is the fact that many of the hard good lines, which had been a prop to total sales in 1947, have shown declines in physical volume of sales so far this year, i.e. declines whether measured by comparison with the last quarter *or* the first quarter of 1947. In order to gauge the importance of this development, it is desirable to look more closely into the 1947 record, department by department.

**The Soft Goods Group**

It was the soft goods group of departments which accounted for the drop in the physical volume of department store sales during 1947. This group, always the larger part of department store trade, accounted for about three-quarters of the total sales surveyed. As shown in the charts, the soft goods group declined 9 percent in physical volume of sales during the year 1947 as compared with 1946.

Women's and girls' outerwear, which accounted for about one third of the soft goods group included in the survey and nearly one fifth of total store sales, dropped 8 percent in physical volume of sales for the year as a whole. Unit sales of shoes (including men's, women's and children's) dropped 16 percent,

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(1) "Department Store Inventory Price Indexes", issued by the Bureau of Labor Statistics, U. S. Department of Labor. For method of applying this index, see note at end of article.

(2) Branches of the mail-order chains report to the Federal Reserve on total store sales, but not on departmental sales.

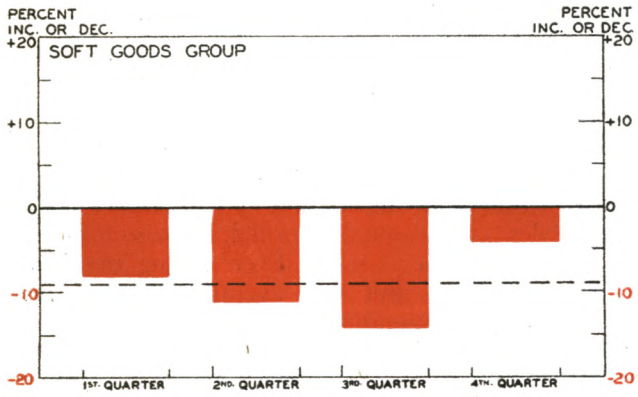
(3) Certain departments could not be included in the survey, chiefly because they were excluded from the price index. Altogether 71% of total 1947 sales of the reporting stores was covered by the departments included in the study. The chart depicting "total" physical volume of sales refers to the total surveyed, i.e. 71% of all sales by the reporting stores. For the composition of the departments included, see table at end of article.

(4) Dollar sales in the Fourth District were about 11 percent above those of the first quarter of last year. A preliminary estimate of the price increase over the year interval puts the department store price level between 5 percent and 7 percent higher than that of the first quarter of 1947. Thus an overall increase in physical volume, amounting perhaps to 5 percent, would be indicated.

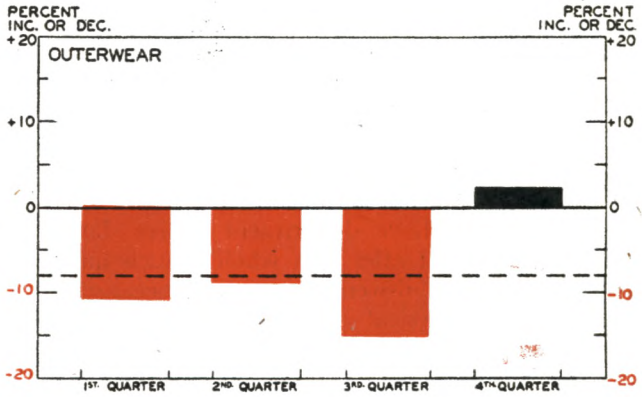
## ESTIMATED PHYSIC

**Fourth District D**

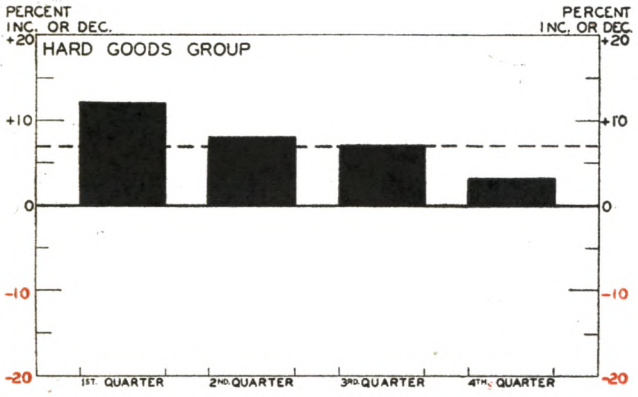
**Increase or Decrease fron**



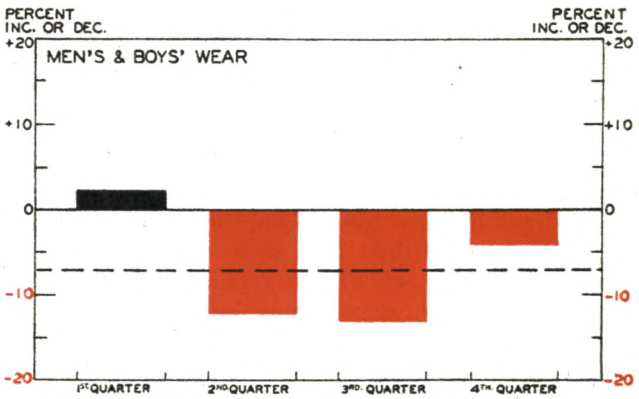

. . . . unit sales of soft goods in 1947 fell off from 1946 levels, especially during the first three quarters.



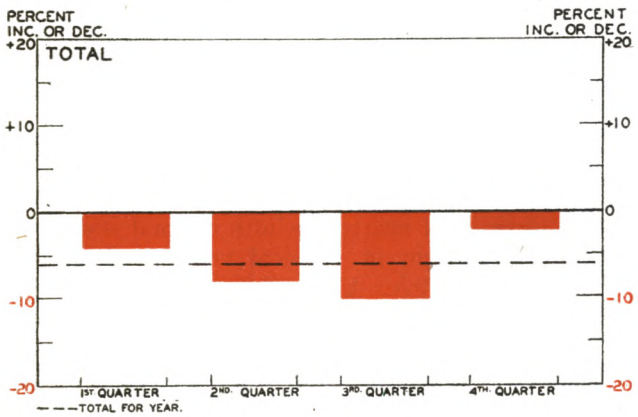

. . . . unit sales of women's and girls' outerwear recovered in the last quarter of 1947 from a prolonged slump.



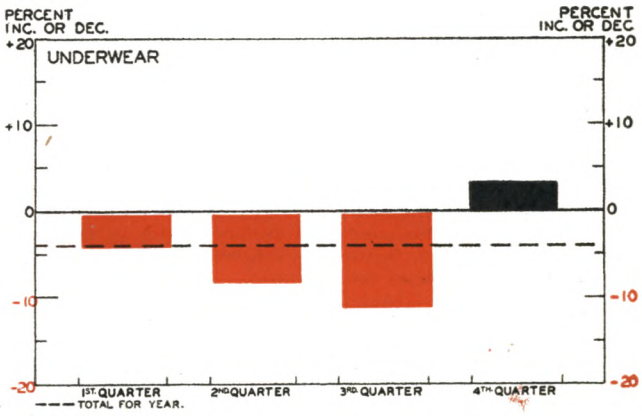

. . . . hard goods sold in larger quantities in 1947 than in 1946, although the rate of increase declined steadily.




. . . . men's and boys' wear showed a year-to-year gain in physical volume of sales only during the first quarter of 1947; the year's total was down.

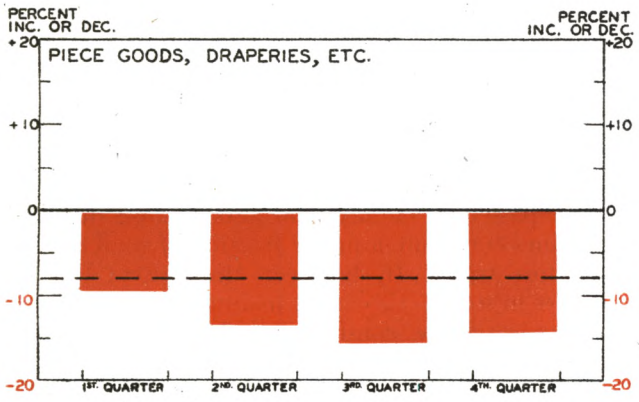



. . . . physical volume of total department store sales declined in 1947 in the same sequence as soft goods, but not as deeply.

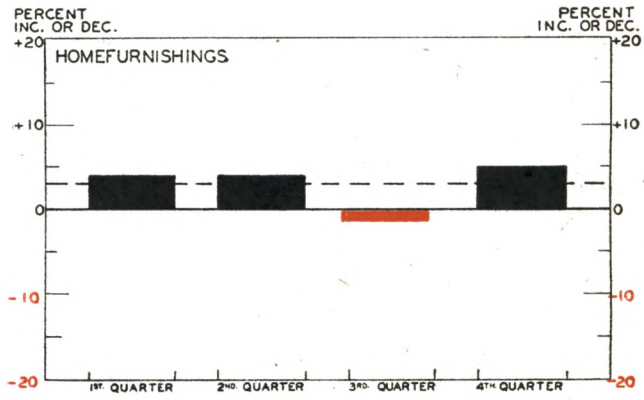



. . . . the underwear departments beat the 1946 tally of unit sales only during the final quarter of the year; women's hosiery sales before Christmas were very large.

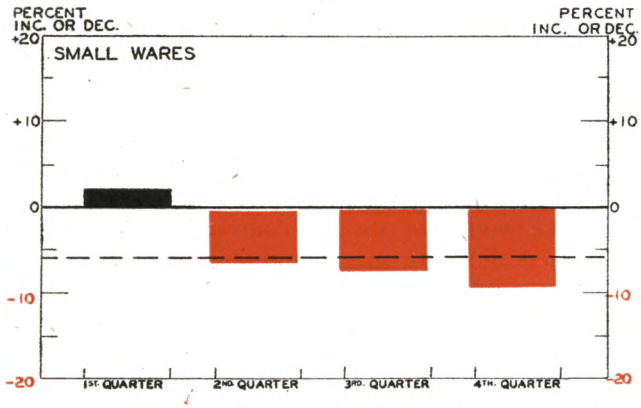
# OLUME OF SALES
## ent Stores, 1947
## esponding Period of 1946



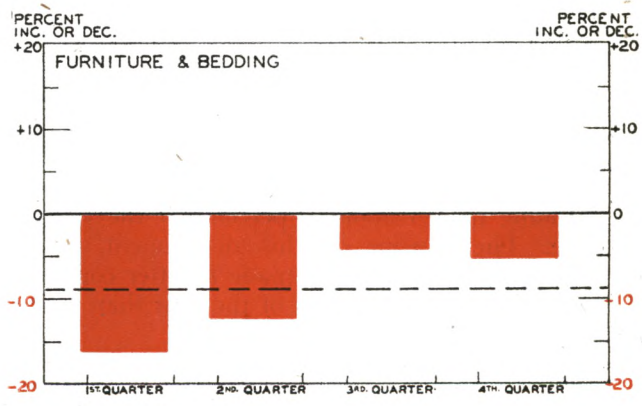

. . . . sales of piece goods, draperies, etc., were below 1946 levels of physical volume throughout the year.



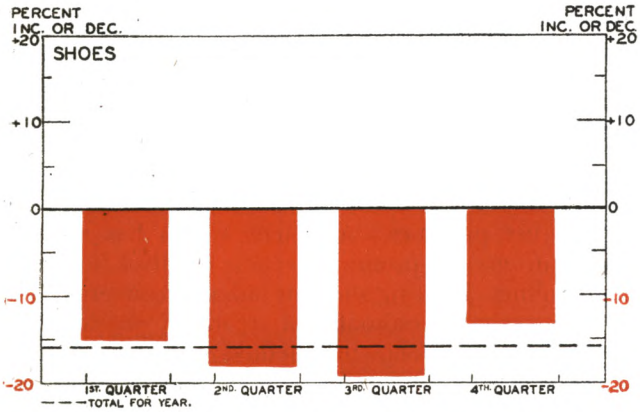

. . . . homefurnishings, including domestic floor coverings, gained in unit sales over 1946 during each quarter of the year except the third.



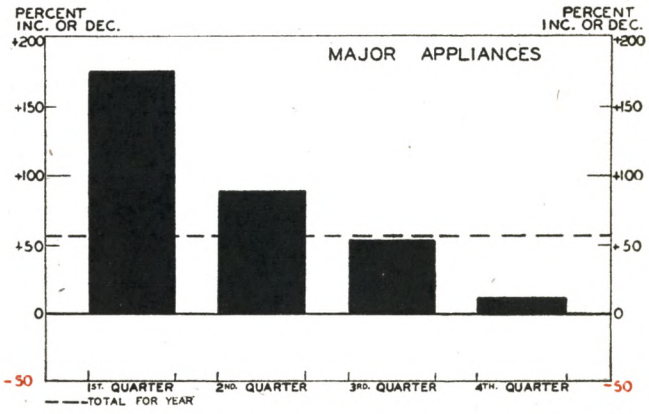

. . . . unit sales of small wares, as compared with 1946 scores, slid off as the year progressed.




. . . . furniture and bedding sales failed to match the 1946 levels of physical volume, although they came closer during the last half of the year.




. . . . the shoe departments, with substantially higher prices than in 1946, suffered cuts in physical volume heavier than any other department group.




. . . . unit sales of major appliances far surpassed 1946 levels, but the rate of increase fell continuously.

while the dollar total of shoe sales represented less than 5 percent of total store sales. Not one of the departmental groups in the soft goods field, as listed here, showed a gain in unit sales during 1947. [5]

**The Hard Goods Group** The hard goods group showed increases in physical volume of sales during 1947. Many of these lines were in process of reaching their peace-time stride, after the long war-time limitations. Backlog of demand seemed large as the year 1947 opened, and production problems were increasingly overcome. Major household appliances were the star performers, although they do not constitute a large proportion of department store trade. Department store sales of appliances in the Fourth District appear to have been 55 percent higher in physical volume during 1947 than in 1946. The rate of increase, however, fell steadily throughout the year. The first quarter showed unit sales nearly triple that of the first quarter of 1946. For the last quarter, the year-to-year increase was about 10 percent. [6]

The "homefurnishings" group of departments, accounting for about 7.2 per cent of total store sales, enjoyed larger unit sales in 1947 than in 1946, although the gains were not as spectacular as in the case of appliances. Within this group, sales of carpeting were especially large. By contrast, furniture and bedding was the only large departmental group in the hard goods field which failed to share in the gain in physical volume of sales. Unit sales of furniture and bedding fell off about 9 percent for the year as a whole. The showing of this department, unlike that of the major appliances, made a better comparison with 1946 in the last half of the year than in the first half.

**Conclusion** The slump in physical volume of department store sales during 1947 was especially marked in the first three quarters of the year, and in the soft goods field. Because of the relatively smaller position of the hard goods lines in department store trade generally, it would have required a very large spurt in the hard goods field to offset the 1947 decline in soft goods. While a spectacular rise in the physical volume of sales of hard goods did occur in 1947, it was not sufficient to tip the scales to an overall store increase in physical volume. Furthermore the gains in hard goods were tapering off as the year progressed.

In spite of some disappointments in the trade over the pre-Easter sales record, the first quarter of 1948 emerges with a better record for physical volume of sales than the corresponding quarter of 1947. But this was due to the comparative showings of the soft goods lines. The cream of the hard goods trade was gone. In physical volume of sales, the major appliances as well as radios and phonographs registered year-to-year declines in the first quarter of this year.

Present outlook may be described as follows. Department stores cannot look to their sales of hard goods as main bulwark of present levels of physical volume in general. This is because the spurt appears to have passed its climax, and also because the hard goods lines constitute a minor fraction of total department store trade. If, however, the present level of unit sales in soft goods can be maintained, department store trade will be considered satisfactory. Such an outcome, which is by no means guaranteed by the general signs of the time, is in considerable part contingent on the course of payrolls and national income in the light of such developments as the European Recovery Program and the pending schedule of rearmament. At this point it is the activity of the capital goods industries in general, rather than the production and sale of the hard goods lines as carried by department stores, i.e. consumer durables, which will be tested.

Finally, a possibility which cannot be excluded is the chance that department store sales, as part of retailing in general, may play an active rather than passive role in the turn of events. In such case the influence would be toward contraction. That is, a continued difficulty in maintaining physical volume of sales would be reflected in cuts in orders to manufacturers. Eventually, unless counteracted by other influences, such a development would spell recession.

**Note on Method** A supplementary note on the method used to arrive at the above estimates of physical volume may be of service in drawing conclusions from the analysis.

Although an "inventory price index" of the Department of Labor, which was used to deflate the dollar sales series, was not designed for this purpose, it is believed to be appropriate for the present use provided certain qualifications are understood. The price index was devised by the Department of Labor to assist department stores in utilizing the LIFO (last-in-first-out) system of inventory accounting for federal tax purposes,—a system which has recently come into greater prominence as a result of favorable court rulings. In using such an index to convert trends in dollar sales to estimates of trends in physical volume of sales, the following method was employed:

(1) Price indexes covering January and July of each year (the form in which they are supplied by Department of Labor) are converted by averaging to indexes covering semi-annual periods.

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(5) The groupings as listed here follow the pattern of the Department of Labor's classification for price purposes, which in turn is based on a re-grouping of the standard departments listed by the Controllers' Congress of the National Retail Dry Goods Association.

(6) The declining rate of increase from 1946 is partly attributable to the fact that unit sales of appliances had been rising rapidly throughout 1946. Thus, while the fourth quarter of 1947 showed a much smaller year-to-year increase than the third quarter, unit sales of appliances actually increased about 10 percent between the third and fourth quarters of 1947.

# DOLLAR SALES, PRICE, AND PHYSICAL VOLUME OF SALES

## Fourth District Department Stores, 1947
## Percent Increase or Decrease from Corresponding Period, 1946

| | Outerwear | | | Men's and Boys' Wear | | | Underwear | | |
|---|---|---|---|---|---|---|---|---|---|
| | Dollar Sales | Price | Physical Volume | Dollar Sales | Price | Physical Volume | Dollar Sales | Price | Physical Volume |
| 1st Quarter... | − 4.4% | + 6.8% | −10.5% | +21.2% | +18.6% | + 2.2% | + 5.5% | + 9.9% | − 4.0% |
| 2nd Quarter.. | − 3.5 | + 6.1 | − 9.0 | + 2.7 | +16.2 | −11.6 | + 1.5 | + 9.8 | − 7.6 |
| 3rd Quarter .. | − 8.1 | + 8.1 | −15.0 | − 1.2 | +13.7 | −13.1 | − 0.6 | +11.9 | −11.2 |
| 4th Quarter .. | +11.6 | + 9.4 | + 2.0 | + 4.6 | + 8.5 | − 3.6 | +15.2 | +12.1 | + 2.8 |
| Year..... | − 0.7% | + 7.7% | − 7.8% | + 5.6% | +14.1% | − 7.4% | + 6.5% | +11.0% | − 4.1% |

| | Piece Goods, Draperies, Etc. | | | Small Wares | | | Shoes | | |
|---|---|---|---|---|---|---|---|---|---|
| | Dollar Sales | Price | Physical Volume | Dollar Sales | Price | Physical Volume | Dollar Sales | Price | Physical Volume |
| 1st Quarter... | + 6.9% | +17.7% | − 9.2% | + 6.5% | + 4.8% | + 1.6% | + 6.2% | +25.6% | −15.4% |
| 2nd Quarter.. | + 1.9 | +17.4 | −13.2 | − 0.4 | + 5.6 | − 5.7 | + 4.0 | +26.0 | −17.5 |
| 3rd Quarter .. | − 1.3 | +15.6 | −14.6 | + 1.2 | + 8.7 | − 6.9 | + 1.8 | +26.2 | −19.3 |
| 4th Quarter .. | − 2.7 | +12.7 | −13.7 | + 0.9 | +11.4 | − 9.4 | + 5.2 | +20.6 | −12.8 |
| Year..... | + 0.9% | +15.8% | −12.9% | + 1.7% | + 7.6% | − 5.5% | + 4.3% | +24.5% | −16.2% |

| | Homefurnishings | | | Furniture and Bedding | | | Major Appliances | | |
|---|---|---|---|---|---|---|---|---|---|
| | Dollar Sales | Price | Physical Volume | Dollar Sales | Price | Physical Volume | Dollar Sales | Price | Physical Volume |
| 1st Quarter... | +17.3% | +13.0% | + 3.8% | − 2.6% | +15.2% | −15.5% | +215.6% | +15.1% | +174.2% |
| 2nd Quarter.. | +15.4 | +11.5 | + 3.5 | − 2.7 | +10.3 | −11.8 | +108.1 | +10.9 | + 87.6 |
| 3rd Quarter .. | +10.5 | +11.4 | − 0.8 | + 8.0 | +12.0 | − 3.6 | + 68.9 | +11.4 | + 51.6 |
| 4th Quarter .. | +15.2 | +10.0 | + 4.7 | + 4.4 | +10.3 | − 5.3 | + 19.6 | + 8.9 | + 9.8 |
| Year..... | +14.5% | +11.5% | + 2.7% | + 1.7% | +11.9% | − 9.1% | + 73.3% | +11.5% | + 55.4% |

| | Soft Goods Group | | | Hard Goods Group | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | Dollar Sales | Price | Physical Volume | Dollar Sales | Price | Physical Volume | Dollar Sales | Price | Physical Volume |
| 1st Quarter... | + 4.3% | +13.1% | − 7.8% | +28.2% | +14.1% | +12.4% | + 8.7% | +13.1% | − 3.9% |
| 2nd Quarter.. | + 0.1 | +12.8 | −11.3 | +20.2 | +11.1 | + 8.2 | + 4.1 | +12.5 | − 7.5 |
| 3rd Quarter .. | − 3.1 | +12.9 | −14.2 | +19.8 | +11.5 | + 7.4 | + 1.5 | +12.5 | − 9.8 |
| 4th Quarter .. | + 7.1 | +11.3 | − 3.8 | +13.1 | + 9.9 | + 2.9 | + 8.2 | +10.9 | − 2.4 |
| Year..... | + 2.5% | +12.4% | − 8.8% | +19.5% | +11.7% | + 7.0% | + 5.7% | +12.2% | − 5.8% |

SOURCE: Dollar sales from Federal Reserve data; price changes from Inventory Price Indexes, Bureau of Labor Statistics, U. S. Department of Labor.

(2) Semi-annual price indexes are interpolated to provide quarterly price indexes. Guide to the course of prices as between the two quarters of a given half year is taken from the apparel component, or the housefurnishings component, of the regular monthly Consumers' Price Index of the Department of Labor.

(3) Resulting quarterly indexes of prices are compared for the corresponding quarters of 1946 and 1947, and for the two years as a whole. Percentage increases or decreases over 1946 are noted.

(4) Percentage increases or decreases in dollar sales for the same departments and for corresponding quarters are computed from Federal Reserve data.

(5) The price increases are used as adjustment factors applied to the increase or decrease in sales. Final results are considered as estimates of change in physical volume of sales for the respective departmental groups. (Note, for example, in table below that dollar sales of outerwear during the third quarter of 1947 were 8.1 percent below those of third quarter, 1946, while prices in this department were 8.1 percent above the corresponding quarter of 1946. The computation then becomes: 91.9 divided by 108.1, multiplied by 100, yielding 85.0, or an estimated drop in physical volume of 15 percent).

Several limitations to the accuracy of such estimates should be noted, as follows:

(1) The price index is based on "inventory weights", while the dollar sales index is based on "sales weights". That is, the Department of Labor combines its department store price data according to the relative importance of commodity lines in department store *inventories*. This varies somewhat from the relative importance of commodity lines in department store *sales*, as reflected in the dollar sales indexes computed by the Federal Reserve System.

(2) The price index is national in coverage. In the above analysis it has been applied to indexes of dollar sales by Fourth District department stores.

(3) The rearrangement of departments in the sales index to match the department groups comprising the price index results in a slightly imperfect fit. Because of this, a few departments included in the price index were excluded from the sales index. Most of these were of insignificant volume. Only important instance is the radio and phonograph department which was included in the price index under major appliances, but which could not be included in the sales index.

**COMPOSITION OF DEPARTMENT GROUPS**

Fourth District Department Stores

OUTERWEAR ..... 18.0%
(Women's and misses' coats, suits, dresses; girls' wear; blouses, skirts and sportswear; millinery; aprons, house dresses and uniforms; furs)

MEN'S AND BOYS' WEAR ..... 10.6%
(Men's and boys' clothing and furnishings; does not include shoes)

UNDERWEAR ..... 9.3%
(Knit underwear; silk and muslin underwear and slips; negligees and robes; women's and children's hosiery; corsets and brassieres; infants' wear)

PIECE GOODS, DRAPERIES, etc. ..... 7.2%
(Silks and woolen dress goods; wash goods and linings; linens, towels, domestics and blankets; draperies, curtains, and upholstery)

SMALL WARES ..... 6.2%
(Laces, trimmings and ribbons; notions; toilet articles and drug sundries; silverware, clocks, watches and jewelry; art needlework)

SHOES ..... 4.2%
(Women's and children's shoes; men's and boys' shoes)

*SOFT GOODS TOTAL* ..... *55.5%*
(Includes all of the above, although some of the small wares are not soft goods; does not include any soft goods falling within the "all other" classification below)

HOME FURNISHINGS ..... 7.2%
(Domestic floor coverings; china and glassware; housewares)

FURNITURE AND BEDDING ..... 4.5%
(Furniture, beds, mattresses and springs)

MAJOR APPLIANCES ..... 3.5%
(Refrigerators, washers, stoves, vacuum cleaners, irons, etc.; does not include radios and phonographs)

*HARD GOODS TOTAL* ..... *15.2%*
(Includes the three groups enumerated immediately above)

ALL OTHER DEPARTMENTS ..... 29.3%
(Includes all other departments not included in the survey; important examples are radios and phonographs, toys and games, luggage, sport goods and cameras, books and stationery)

*STORE TOTAL* ..... *100%*

# SUMMARY OF NATIONAL BUSINESS CONDITIONS

## By the Board of Governors of the Federal Reverve System

(Released for publication April 24, 1948)

Curtailed coal output reduced industrial production in March and the early part of April. Value of department store sales continued at a level about 6 per cent higher than in the corresponding period a year ago. The general level of wholesale commodity prices increased somewhat.

### Industrial Production

Industrial production declined slightly in March owing to a sharp reduction in bituminous coal output after the middle of the month; and the Board's seasonally adjusted index was 192 per cent of the 1935-39 average as compared with 194 in February. Continuation of work stoppages at coal mines in April has reduced total industrial production further this month.

Production of durable manufactures increased in March, mainly because of larger output of steel and automobiles. Steel production for the month was at a new record peacetime rate. Steel mill operations were somewhat curtailed at the end of March because of reduced supplies of coal and declined considerably in the first three weeks of April. Activity in the automobile industry expanded in March to earlier postwar peak rates, after being curtailed by fuel shortages in February. Production of machinery and most other durable goods was maintained at about the level of the preceding months.

Output of nondurable goods industries as a group decreased slightly in March. Activity declined in the cotton textile, rubber products, coke, flour, and meat packing industries, but increased in the rayon textile, paperboard, and alcoholic beverage industries. A substantial reduction in meat production under Federal inspection reflected work stoppages in plants of major packers beginning March 16. Paperboard production, following some curtailment in February, increased 7 per cent to a new record rate.

Output of minerals declined 10 per cent in March, reflecting a drop in coal production due to work stoppages at most mines beginning March 15. Coal mine operations continued at a very low level during the first two weeks of April, but subsequently increased sharply following settlement of an industrial dispute.

### Construction

Value of construction contracts awarded, according to the F. W. Dodge Corporation, showed little change in March, as a decline in public awards offset a seasonal increase in private awards mainly for residential building. The number of dwelling units started in March, according to estimates of the Department of Labor, was 67,000 compared with 47,000 in February and 58,400 in March 1947.

### Distribution

Department store sales in March and the early part of April showed little change from the average level of 284 per cent of the 1935-39 average for January and February, after allowance is made for the usual seasonal fluctuation. Value of department store stocks reached a new peak at the end of February, when the Board's seasonally adjusted index was 303 per cent of the 1935-39 average.

Work stoppages sharply reduced railroad shipments of coal and coke from the early part of March to the middle of April. Loadings of forest products and general merchandise continued to show little change.

### Commodity Prices

The general level of wholesale commodity prices increased somewhat from the beginning of March to the third week of April. Cotton prices advanced sharply reflecting prospects of increased exports. Meat prices were also higher, owing to reduced supplies as a result of the strike in the packing industry. Hog prices, on the other hand, declined considerably further. Prices of other farm products and foods and industrial commodities generally showed little change.

A further small reduction in retail food prices from mid-February to mid-March lowered the consumers' price index from 167.5 per cent of the 1935-39 average to 166.9. Retail prices of apparel and home furnishings and rental rates rose somewhat further.

### Bank Credit

During the first three weeks of April, in contrast to the situation in March, the Government's cash payments exceeded receipts and the Treasury's balance at Federal Reserve Banks declined sharply. As a consequence, commercial bank reserves and deposits, which had been under severe drain in March, increased somewhat in April.

Total Government security holdings of the Reserve Banks declined further by about one-half billion dollars during the first three weeks of April, following a small decline in March. Treasury retirement in March and early April of 1.3 billion dollars of securities held by Reserve Banks was offset in part by System purchases in the market.

Real estate and consumer loans at banks in leading cities continued to expand during March and the first half of April, while commercial and industrial loans declined somewhat. Holdings of Government securities were reduced over the period.

### Security Markets

Prices of common stocks rose sharply in the last half of March and the third week of April. Trading in the New York Stock Exchange was more active. Prices of corporate bonds were firmer in the first three weeks of April, and prices of municipal bonds continued to advance.

# DEPARTMENT STORE TRADE STATISTICS

## Sales by Departments—March 1948

Percentage Changes from a Year Ago

(Fourth District Reporting Stores)

(Compiled May 3, and released for publication May 4)

| | |
|---|---|
| Hosiery | +41 |
| Neckwear and Scarfs | +33 |
| Inexpensive Dresses (Women's and Misses') | +29 |
| Blouses, Skirts and Sportswear | +26 |
| Handbags and Small Leather Goods | +23 |
| Millinery | +23 |
| Laces, Trimmings, etc | +21 |
| Major Household Appliances | +21 |
| Gloves (Women's and Children's) | +20 |
| Notions | +16 |
| Aprons, Housedresses and Uniforms | +15 |
| Domestic Floor Coverings | +14 |
| Shoes (Women's and Children's) | +14 |
| Candy | +14 |
| Gift Shop | +13 |
| Handkerchiefs | +13 |
| Records, Sheet Music, Pianos, etc | +12 |
| Girls' Wear | +12 |
| Luggage | +10 |
| Underwear, Slips and Negligees | +10 |
| Housewares | +10 |
| Boys' Wear | +10 |
| Lamps and Shades | + 9 |
| Sporting Goods and Cameras | + 8 |
| Shoes (Men's and Boys') | + 7 |
| Toys and Games | + 7 |
| China and Glassware | + 6 |
| Draperies, Curtains, etc | + 5 |
| Cotton Wash Goods | + 5 |
| Infants' Wear | + 5 |
| Men's Furnishings and Hats | + 5 |
| Silverware and Clocks | + 4 |
| Coats and Suits (Women's and Misses') | + 4 |
| Juniors' Coats, Suits and Dresses | + 3 |
| Corsets and Brassieres | + 3 |
| Better Dresses (Women's and Misses') | + 3 |
| Fine Jewelry and Watches | + 2 |
| Silks, Velvets and Synthetics | + 1 |
| Linens, Towels | — 1 |
| Furniture and Bedding | — 2 |
| Books and Stationery | — 2 |
| Men's Clothing | — 3 |
| Toilet Articles and Drug Sundries | — 4 |
| Costume Jewelry | — 8 |
| Woolen Dress Goods | —16 |
| Art Needlework | —17 |
| Radios and Phonographs | —17 |
| Blankets, Comforters and Spreads | —18 |
| Domestics (Muslins, Sheetings) | —24 |
| Furs | —28 |

Most departments among Fourth District reporting stores showed year-to-year gains in dollar sales during March, as well as the usual seasonal rises from February. Basement store sales were 21% above a year ago while main store sales were up 8%.

The women's apparel and accessories departments registered the largest group gains, with a 15% increase over last year. Accent was on the accessories during this pre-Easter period. Sales of **hosiery, neckwear and scarfs, handbags and small leather goods,** and **millinery** increased by margins from 23% to 41%. **Inexpensive dresses,** up 29%, and **blouses, skirts and sportswear,** up 26%, also showed well. Among the larger lines of outerwear, however, **coats and suits** showed a year-to-year gain in sales of only 3% to 4%, which probably represented a cut in unit sales.

Sales of **men's clothing** were 3% under those of a year ago. Other departments in the men's and boys' wear group, however, showed gains which brought sales of the group to a level 3% higher than last year's.

In the housefurnishings group, **major household appliances,** with an increase of 21% over sales of a year ago, showed a pick-up from recent months of relative dullness. On the other hand, sales of **radios and phonographs,** with a 17% decrease, fell sharply from a year ago. March dollar sales of this department were about the same as in February. All other housefurnishings departments showed at least some increase over March except **furniture and bedding** where sales were down 2% from last year.

Heavy declines from last year's sales were registered in the piece goods group of departments. Sharpest cuts were in **domestics** (muslins and sheetings) which were down 24%, and in **blankets, comforters and spreads,** which were down 18%.

**Candy** sales, which had recently been sluggish, picked up to a level 14% above a year ago.

All comparisons refer to dollar volume of sales. Changes in the price level have not been taken into account, nor have any of these percentage changes been adjusted for the earlier incidence of Easter.

## Inventories by Departments—March 31, 1948

Percentage Changes from a Year Ago

(Fourth District Reporting Stores)

(Compiled May 4, and released for publication May 6)

| | |
|---|---|
| Major Household Appliances | +109% |
| Radios and Phonographs | + 53 |
| Men's Clothing | + 45 |
| Domestic Floor Coverings | + 38 |
| Woolen Dress Goods | + 25 |
| Records, Sheet Music, Pianos, etc | + 22 |
| Sporting Goods and Cameras | + 22 |
| Silverware and Clocks | + 21 |
| Shoes (Women's and Children's) | + 21 |
| Corsets and Brassieres | + 21 |
| Underwear, Slips and Negligees | + 20 |
| Furniture and Bedding | + 19 |
| Silks, Velvets and Synthetics | + 19 |
| Infants' Wear | + 17 |
| Shoes (Men's and Boys') | + 17 |
| Domestics (Muslins, Sheetings) | + 16 |
| Fine Jewelry and Watches | + 16 |
| Luggage | + 16 |
| Cotton Wash Goods | + 14 |
| Better Dresses (Women's and Misses') | + 12 |
| China and Glassware | + 12 |
| Juniors' Coats, Suits and Dresses | + 11 |
| Neckwear and Scarfs | + 8 |
| Notions | + 8 |
| Lamps and Shades | + 7 |
| Furs | + 6 |
| Coats and Suits (Women's and Misses') | + 5 |
| Girls' Wear | + 3 |
| Aprons, Housedresses and Uniforms | + 3 |
| Handbags and Small Leather Goods | + 2 |
| Art Needlework | + 2 |
| Inexpensive Dresses (Women's and Misses') | — 1 |
| Men's Furnishings and Hats | — 1 |
| Costume Jewelry | — 2 |
| Books and Stationery | — 3 |
| Toilet Articles and Drug Sundries | — 3 |
| Blankets, Comforters and Spreads | — 3 |
| Housewares | — 3 |
| Gift Shop | — 3 |
| Laces, Trimmings, etc | — 7 |
| Draperies, Curtains, etc | — 7 |
| Blouses, Skirts and Sportswear | — 8 |
| Hosiery | — 11 |
| Boys' Wear | — 11 |
| Linens, Towels | — 11 |
| Millinery | — 16 |
| Gloves (Women's and Children's) | — 16 |
| Toys and Games | — 18 |
| Handkerchiefs | — 22 |
| Candy | — 24 |

Department store inventories expanded further during March and at month end were the highest on record, approximately 10% above the year-ago figure.

The largest year-to-year gains occurred in the housefurnishings group. Stocks of **major household appliances** were maintained at the record February level throughout March and closed the month at 109% above the 1947 figure.

**Radio and phonograph** stocks were 53% above last year, and supplies in the **records, sheet music, etc.,** department were 22% larger than a year ago.

Inventories of **domestic floor coverings** increased noticeably during March to a new all-time high, 38% above a year ago. **Furniture and bedding** stocks likewise increased to record levels, 19% higher than at the end of March 1947. At the other extreme, stocks of **draperies and curtains** were 7% below last year.

Another major section in which significant inventory increases occurred was in men's and boys' wear. **Men's clothing** stocks rose to a new all-time high, 45% above the year ago figure, and **men's and boys' shoes** were in greater supply than ever for the season, 17% above last year. **Boys' wear** stocks, however, show a year-to-year drop of 11%.

Among other important changes in inventories were the further rise in **women's and children's shoes** to a new record high, 21% above March 1947, and the gain in **women's and misses' dresses** of which the supply was the largest on record on March 31, largely because of the increase in the "better dresses" subgroup. **Infants' wear** stocks likewise were the highest on record, some 17% above last year, and the 21% year-to-year rise in inventories of **corsets and brassieres** resulted in record stocks.

Departments showing no noteworthy tendency to increase included such lines as **candy, handkerchiefs, toys and games, gloves** and **millinery,** in which supplies at the close of March were 16—24% below last year.

These percentages have not been adjusted for price changes, nor for the change in the incidence of Easter in 1948 as compared with a year earlier.

# FINANCIAL AND OTHER BUSINESS STATISTICS

## Time Deposits—12 Fourth District Cities

(Compiled April 7, and released for publication April 9)

| City and Number of Banks | Time Deposits Mar. 31, 1948 | Average Weekly Change During: March 1948 | Previous Month | Year Ago |
|---|---|---|---|---|
| Cleveland (4) | $ 875,157,000 | —$449,000 | +$225,000 | +$ 167,000 |
| Pittsburgh (12) | 404,182,000 | — 124,000 | — 133,000 | + 307,000 |
| Cincinnati (8) | 181,620,000 | — 124,000 | + 87,000 | + 138,000 |
| Akron (3) | 103,452,000 | — 34,000 | + 113,000 | + 151,000 |
| Toledo (4) | 96,236,000 | — 42,000 | — 43,000 | — 34,000 |
| Columbus (3) | 72,745,000 | — 67,000 | + 13,000 | + 59,000 |
| Youngstown (3) | 60,692,000 | + 2,000 | — 17,000 | + 58,000 |
| Dayton (3) | 48,591,000 | — 72,000 | — 34,000 | + 62,000 |
| Canton (5) | 42,424,000 | — 39,000 | — 54,000 | + 19,000 |
| Erie (4) | 38,796,000 | — 36,000 | + 2,000 | + 56,000 |
| Wheeling (6) | 28,838,000 | + 5,000 | + 58,000 | + 16,000 |
| Lexington (5) | 10,720,000H | + 5,000 | — 2,000 | + 5,000 |
| TOTAL—12 Cities. | $1,963,453,000 | —$975,000 | +$215,000 | +$1,002,000 |

H=new all time high.

Income tax payments were probably an important cause of the moderate decrease in time deposits which occurred during March at 60 Fourth District banks. The decline represented the third drop in the past five months and also the third reduction in the postwar period to date.

The average weekly decrease during March was **$975,000** compared with a weekly gain of **$215,000** in February and an expansion of **$1,002,000** per week in March of a year ago. Despite the recent decreases in time deposits, the current total of **$1,963,453,000** is only about a third of one percent below the all-time high established December 31.

**Youngstown, Wheeling** and **Lexington** were the only cities to experience a gain in time deposits during March. It was the third successive advance for **Wheeling** and the increase in **Lexington** raised the total in that city to a new all-time high.

Decreases in time deposits occurred in nine of the twelve reporting cities, but in no city was the March reduction of record proportions for the postwar period. **Dayton** and **Canton** have experienced a slight decline for five successive months, while the reductions in **Toledo** have persisted for three months. Total time deposits in each of the nine cities are within 2½ percent of all-time highs.

## Bank Debits*—March 1948

(In thousands of dollars)

(Compiled April 12, and released for publication April 14)

| | | March 1948 | % Change from Year Ago | 3 Months Ended Mar. 1948 | % Change from Year Ago |
|---|---|---|---|---|---|
| ALL 30 CENTERS | | $7,121,285 | +19.8% | $19,864,691 | +15.5% |
| 10 LARGEST CENTERS: | | | | | |
| Akron | Ohio | 226,627 | — 1.1 | 657,049 | —0— |
| Canton | Ohio | 107,299 | +11.7 | 311,461 | +12.7 |
| Cincinnati | Ohio | 928,690 | +12.1 | 2,672,015 | +12.4 |
| Cleveland | Ohio | 1,784,088 | +20.0 | 4,992,729 | +14.4 |
| Columbus | Ohio | 561,214 | +28.5 | 1,483,519 | +24.1 |
| Dayton | Ohio | 240,216 | + 9.7 | 686,439 | +12.2 |
| Toledo | Ohio | 386,526 | +10.0 | 1,117,449 | +10.1 |
| Youngstown | Ohio | 151,239 | +17.2 | 431,395 | +27.1 |
| Erie | Penna. | 92,016 | +16.5 | 255,952 | +17.3 |
| Pittsburgh | Penna. | 2,017,020 | +31.3 | 5,419,750 | +21.0 |
| TOTAL | | $6,494,935 | +20.5% | $18,027,758 | +16.0% |
| 20 OTHER CENTERS: | | | | | |
| Covington-Newport | Ky. | $41,384H | +18.1% | $115,985 | +13.7% |
| Lexington | Ky. | 58,783 | + 3.5 | 228,272 | —11.8 |
| Elyria | Ohio | 20,881 | + 8.6 | 58,803 | +12.4 |
| Hamilton | Ohio | 39,868 | +20.2 | 109,415 | +24.3 |
| Lima | Ohio | 42,874 | + 9.6 | 122,930 | + 9.6 |
| Lorain | Ohio | 18,557 | +21.7 | 51,460 | +19.1 |
| Mansfield | Ohio | 41,529 | +22.1 | 118,145 | +20.4 |
| Middletown | Ohio | 35,656 | +14.4 | 93,881 | +11.6 |
| Portsmouth | Ohio | 21,466 | + 6.2 | 60,060 | +10.9 |
| Springfield | Ohio | 46,939 | +12.0 | 133,095 | +10.8 |
| Steubenville | Ohio | 21,383 | + 9.2 | 63,548 | +13.1 |
| Warren | Ohio | 35,990 | + 8.5 | 105,601 | +11.2 |
| Zanesville | Ohio | 25,741 | +17.8 | 74,462 | +16.9 |
| Butler | Penna. | 29,443 | +14.2 | 86,215 | +12.9 |
| Franklin | Penna. | 6,686 | +11.7 | 19,807 | +14.3 |
| Greensburg | Penna. | 21,192 | +28.9 | 58,793 | +21.9 |
| Meadville | Penna. | 10,326 | + 3.9 | 32,817 | + 2.8 |
| Oil City | Penna. | 23,471H | +25.7 | 59,993 | +10.9 |
| Sharon | Penna. | 26,181 | +17.4 | 76,228 | +20.7 |
| Wheeling | W. Va. | 58,000 | +10.0 | 167,423 | +11.6 |
| TOTAL | | $626,350 | +13.4% | $1,836,933 | +10.1% |

* Debits to all deposit accounts except interbank balances.
H denotes new all-time high for one month or quarter year.

The March total for bank debits in thirty Fourth District cities represented the second highest figure on record. The total of $7,121,000,000 has been exceeded only by the all-time high of $7,837,000,000 set last December.

Debits during March surpassed the total for the corresponding month of a year ago by almost 20 percent for the largest gain from a year ago to be reported in thirteen months. For the full first quarter of this year, the increase over the comparable quarter of last year amounted to slightly over 15 percent.

### TEN LARGEST CITIES

March represented the fourth successive month in which the largest cities have reported greater gains over a year ago than have the smaller centers. The year-to-year gain at the large cities during March averaged 20.5 percent compared with 13.4 percent for the smaller localities.

**Pittsburgh** experienced the outstanding year-to-year advance with an increase of 31 percent. The gain in **Columbus** approached 29 percent while **Cleveland** was about at the average for the large cities with a mark of 20 percent.

### TWENTY SMALLER CENTERS

**Greensburg** led the smaller centers in percentage gain over year-ago figures with an expansion of 29 percent. Other cities which surpassed the average gain for the smaller centers by a substantial margin were **Oil City** (26%), **Mansfield** (22%), **Lorain** (22%), **Hamilton** (20%) and **Covington-Newport** (18%).

Debits in **Covington-Newport** and **Oil City** were at new all-time highs during March.

The accompanying table shows the volume of debits to all deposit accounts (except interbank balances) in 30 cities of the Fourth District. Most of the debits represent transfers of funds by check although debits to (withdrawals from) savings deposits and U.S. Treasury deposits at reporting banks are also included.

## Changes in Consumer Instalment Credit March 1948

26 Fourth District Member Banks*

(Compiled April 28, and released for publication April 29)

| Outstanding at End of Mo. Compared With Mo. Ago | Yr. Ago | Type of Credit | New Loans Made Compared With Mo. Ago | Yr. Ago |
|---|---|---|---|---|
| + 5% | + 52% | Total consumer instalment credit | +32% | + 58% |
| + 3 | + 12 | Personal instalment cash loans | +28 | + 24 |
| + 4 | + 74 | Repair and modernization loans | +36 | +106 |
| | | Direct retail instalment loans | | |
| + 6 | + 64 | (a) Automobile | +36 | + 50 |
| + 7 | + 52 | (b) Other | +54 | + 59 |
| | | Retail instalment paper purchased | | |
| +10 | + 86 | (a) Automobile | +40 | +101 |
| + 3 | +115 | (b) Other | +18 | +125 |

**Total consumer instalment credit outstanding** at 26 Fourth District member banks increased 5 percent during March for the 26th successive monthly advance. The March gain compared with an advance of only 1 percent in February but was about in line with the average monthly gains reported during 1947.

The gain for March in total consumer instalment credit outstanding was the net result of record high volumes of **new loans made** and **estimated loan repayments.** Estimated repayments were up 8 percent from the preceding month and were at the highest level of the postwar period to date. New loans made were likewise at a new postwar high and even exceeded the seasonal December peak by 5 percent.

**The volume of new loans made** was sharply above February levels in each type of consumer instalment credit, and the scope of the month-to-month gains was somewhat in excess of the customary seasonal advances. The largest gains occurred in **new direct retail loans on items such as electrical appliances, furniture and other consumer goods.** Substantial gains were also reported on **direct as well as purchased loans on automobiles.** New loans during March in all classifications were far above the levels of March of last year.

* The twenty-six banks, which are located in fifteen cities, represent about two-fifths of all member bank resources and about one-fourth of all consumer instalment loans outstanding at Fourth District member banks.

## Indexes of Department Store Sales and Stocks

Daily Average for 1935-1939=100

| | Adjusted for Seasonal Variation March 1948 | February 1948 | March 1947 | Without Seasonal Adjustment March 1948 | February 1948 | March 1947 |
|---|---|---|---|---|---|---|
| SALES: | | | | | | |
| Akron (6) | 293 | 295 | 266 | 278 | 263 | 247 |
| Canton (5) | 373 | 332 | 343 | 336 | 252 | 302 |
| Cincinnati (8) | 316 | 325 | 294 | 313 | 244 | 285 |
| Cleveland (10) | 269 | 276 | 254 | 258 | 215 | 238 |
| Columbus (5) | 326 | 356 | 314 | 329 | 267 | 307 |
| Erie (3) | 315 | 281 | 286 | 293 | 239 | 260 |
| Pittsburgh (8) | 279 | 248 | 273 | 273 | 223 | 259 |
| Springfield (3) | 276 | 297 | 268 | 276 | 231 | 260 |
| Toledo (6) | 273 | 287 | 269 | 268 | 227 | 258 |
| Wheeling (6) | 272 | 236 | 242 | 264 | 191 | 225 |
| Youngstown (3) | 309 | 328 | 287 | 309 | 265 | 276 |
| District (96) | 270 | 284 | 257 | 284 | 233 | 262 |
| STOCKS: | | | | | | |
| District | 298 | 286 | 264 | 287 | 266 | 254 |